

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Sparta	County Kent
Fiscal Year End March 31, 2007	Opinion Date 7/24/07	Date Audit Report Submitted to State August 22, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	Not considered necessary	
Other (Describe)	<input checked="" type="checkbox"/>	SAS 112 communication	
Certified Public Accountant (Firm Name) Siegfried Crandall, PC		Telephone Number (269)381-4970	
Street Address 246 East Kilgore Road		City Kalamazoo	State MI
		Zip 49002	
Authorizing CPA Signature 		Printed Name Daniel L. Veldhuizen, CPA	License Number 1101020724

Township of Sparta
Kent County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2007

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INDEPENDENT AUDITORS' REPORT

**Sparta Township Board
Township of Sparta, Michigan**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Sparta, Michigan, as of March 31, 2007, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Sparta, Michigan, as of March 31, 2007, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 10 to the financial statements, the Township recorded a prior period adjustment to correct its method of accounting for depreciation of the governmental activities.

The budgetary comparison information, as listed in the contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Township of Sparta, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Siegfried Crandall P.C.

July 24, 2007

BASIC FINANCIAL STATEMENTS

Township of Sparta
STATEMENT OF NET ASSETS
March 31, 2007

**Governmental
activities**

ASSETS

Current assets:

Cash	\$ 820,344
Investments	201,595
Receivables	<u>76,575</u>

Total current assets 1,098,514

Noncurrent assets:

Capital assets, net of accumulated depreciation	<u>400,364</u>
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Total assets 1,498,878

LIABILITIES

Current liabilities:

Payables	9,415
Escrow deposits	<u>16,587</u>

Total current liabilities 26,002

NET ASSETS

Invested in capital assets	400,364
Unrestricted	<u>1,072,512</u>

Total net assets \$ 1,472,876

See notes to financial statements

Township of Sparta
STATEMENT OF ACTIVITIES
Year ended March 31, 2007

		<u>Program revenues</u>		<u>Net (expenses) revenues and changes in net assets</u>
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Governmental activities</u>
Functions/Programs				
Governmental activities:				
Legislative	\$ 8,246	\$ -	\$ -	\$ (8,246)
General government	352,772	130,982	-	(221,790)
Public safety	292,948	32,585	-	(260,363)
Public works	28,258	1,967	5,102	(21,189)
Culture and recreation	189,607	22,847	10,069	(156,691)
Community and economic development	<u>6,485</u>	<u>-</u>	<u>-</u>	<u>(6,485)</u>
Total governmental activities	<u>\$ 878,316</u>	<u>\$ 188,381</u>	<u>\$ 15,171</u>	<u>(674,764)</u>
General revenues:				
Property taxes				306,030
State shared revenue				325,110
Franchise fees				27,013
Interest income				<u>35,893</u>
Total general revenues				<u>694,046</u>
Change in net assets				19,282
Net assets - beginning (as restated)				<u>1,453,594</u>
Net assets - ending				<u>\$ 1,472,876</u>

See notes to financial statements

Township of Sparta
BALANCE SHEET - governmental funds
 March 31, 2007

	<u>Major funds</u>		<u>Nonmajor fund</u>	<u>Total governmental funds</u>
	<u>General</u>	<u>Library</u>	<u>Fire</u>	
ASSETS				
Cash	\$ 806,322	\$ 14,022	\$ -	\$ 820,344
Investments	201,595	-	-	201,595
Receivables	76,575	-	-	76,575
Total assets	<u>\$ 1,084,492</u>	<u>\$ 14,022</u>	<u>\$ -</u>	<u>\$ 1,098,514</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 9,415	\$ -	\$ -	\$ 9,415
Escrow deposits	16,587	-	-	16,587
Total liabilities	<u>26,002</u>	<u>-</u>	<u>-</u>	<u>26,002</u>
Fund balances:				
Unreserved:				
Designated	166,482	-	-	166,482
Undesignated	892,008	14,022	-	906,030
Total fund balances	<u>1,058,490</u>	<u>14,022</u>	<u>-</u>	<u>1,072,512</u>
Total liabilities and fund balances	<u>\$ 1,084,492</u>	<u>\$ 14,022</u>	<u>\$ -</u>	<u>\$ 1,098,514</u>
Fund balances - all governmental funds				\$ 1,072,512
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:				
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.				
				<u>400,364</u>
Net assets of <i>governmental activities</i> (page 4)				<u>\$ 1,472,876</u>

See notes to financial statements

Township of Sparta**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds**

Year ended March 31, 2007

	Major funds		Nonmajor fund	Total governmental funds
	General	Library	Fire	
REVENUES				
Property taxes	\$ 343,526	\$ -	\$ 56,191	\$ 399,717
Licenses and permits	59,598	-	-	59,598
State grants	330,212	6,787	-	336,999
Charges for services	30,568	-	-	30,568
Interest and rentals	34,915	978	-	35,893
Fines and forfeitures	-	16,303	-	16,303
Other	8,694	9,826	-	18,520
Total revenues	807,513	33,894	56,191	897,598
EXPENDITURES				
Legislative	8,246	-	-	8,246
General government	351,885	-	-	351,885
Public safety	236,757	-	56,191	292,948
Public works	28,258	-	-	28,258
Community and economic development	6,485	-	-	6,485
Culture and recreation	6,679	170,288	-	176,967
Capital outlay	2,532	1,284	-	3,816
Total expenditures	640,842	171,572	56,191	868,605
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	166,671	(137,678)	-	28,993
OTHER FINANCING SOURCES (USES)				
Transfers in	-	128,900	-	128,900
Transfers out	(128,900)	-	-	(128,900)
Total other sources (uses)	(128,900)	128,900	-	-
NET CHANGES IN FUND BALANCES	37,771	(8,778)	-	28,993
FUND BALANCES - BEGINNING	1,020,719	22,800	-	1,043,519
FUND BALANCES - ENDING	\$1,058,490	\$ 14,022	\$ -	\$ 1,072,512

See notes to financial statements

Township of Sparta

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - *governmental funds* (Continued)**

Year ended March 31, 2007

	<i>Total governmental funds</i>
	<hr/>
Net change in fund balances - total governmental funds (page 7)	\$ 28,993
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital assets:	
Assets acquired	23,878
Provision for depreciation	<u>(33,589)</u>
Change in net assets of <i>governmental activities</i> (page 5)	<u>\$ 19,282</u>

See notes to financial statements

Township of Sparta
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Sparta, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers property tax revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the Township.

Township of Sparta
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Library Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for operation of the Sparta Library.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). The Township has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

ii) Receivables - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) Prepaid items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the government-wide financial statements.

iv) Capital assets - Capital assets, which include property, equipment, and infrastructure assets (e.g., shared road costs and similar items), are reported in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the Township as assets, with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Township of Sparta
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity (continued):

iv) Capital assets (continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	50 years
Equipment	5 - 20 years

v) Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) Property tax revenue recognition - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

Excess of expenditures over appropriations - The Township had the following significant budget variances:

<u>Fund</u>	<u>Function</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public works	\$ 20,200	\$ 28,258	\$ 8,058
Library	Culture and recreation	149,050	170,288	21,238

Township of Sparta
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH AND INVESTMENTS:

At March 31, 2007, cash and investments consist of the following:

Deposits with financial institutions	\$ 820,344
Investments	<u>201,595</u>
Total	<u>\$ 1,021,939</u>

Deposits with financial institutions:

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk of deposits is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of March 31, 2007, \$560,919 of the Township's bank balances of \$861,095 was exposed to custodial credit risk because it was uninsured.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

Investments:

State statutes and the Township's investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper rated within the two highest rate classifications, which mature not more than 270 days after the date of purchase; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; and e) mutual funds composed of otherwise legal investments.

The Township's investments consist of holdings in the Kent County Investment Pool, which are nonrisk categorized, qualifying investments, and are carried at cost, which approximates fair market value.

NOTE 4 - RECEIVABLES:

At March 31, 2007, receivables of the Township's funds are as follows:

<u>Fund</u>	<u>Property taxes</u>	<u>Inter- governmental</u>	<u>Total</u>
General	<u>\$ 23,198</u>	<u>\$ 53,377</u>	<u>\$ 76,575</u>

All receivables are considered to be fully collectable.

Township of Sparta
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2007, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 593,971	\$ 11,878	\$ -	\$ 605,849
Equipment and library books	<u>365,971</u>	<u>12,000</u>	<u>-</u>	<u>377,971</u>
Subtotal	<u>959,942</u>	<u>23,878</u>	<u>-</u>	<u>983,820</u>
Less accumulated depreciation for:				
Buildings and improvements	(282,358)	(12,409)	-	(294,767)
Equipment and library books	<u>(267,509)</u>	<u>(21,180)</u>	<u>-</u>	<u>(288,689)</u>
Subtotal	<u>(549,867)</u>	<u>(33,589)</u>	<u>-</u>	<u>(583,456)</u>
Total capital assets being depreciated, net	<u>\$ 410,075</u>	<u>\$ (9,711)</u>	<u>\$ -</u>	<u>\$ 400,364</u>

Depreciation expense was charged to functions of the Township as follows:

General government	\$ 10,233
Culture and recreation	<u>23,356</u>
	<u>\$ 33,589</u>

NOTE 6 - PAYABLES:

At March 31, 2007, payables of the Township's funds are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Total</u>
General	\$ 5,711	\$ 3,704	<u>\$ 9,415</u>

Township of Sparta
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 8 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended March 31, 2007, is as follows:

Revenues	\$ 30,389
Expenses	<u>(51,200)</u>
Deficiency of revenues over expenses	<u>\$ (20,811)</u>

NOTE 9 - JOINT VENTURE:

Sparta Fire Department:

The Township is a participant in the Sparta Fire Department (the Department) along with the Village of Sparta. The administrative board of the Department consists of members appointed by each participating unit. The Department was formed for the purpose of providing fire protection to the Sparta area. The Township has no equity interest in the Department; therefore, financial information of the Department has not been included in the Township's financial statements.

Costs of operations and capital asset acquisitions of the Department are supported by contributions from the Township, which contributes two-thirds, and the Village of Sparta, which contributes one-third, of the Fire Department's proposed budget. During the year ended March 31, 2007, the Township paid the Department \$190,000.

Complete financial statements for the Department can be obtained from the Sparta Township Clerk's office at 106 East Division Street, Sparta, Michigan 49345.

NOTE 10 - PRIOR PERIOD ADJUSTMENT:

The Township recorded a prior period adjustment to correct its method of accounting for depreciation on certain capital assets (library books). Accordingly, beginning of year net assets as shown in the accompanying government-wide financial statements has been restated, as follows:

Net assets, beginning of year:	
As previously reported	\$1,515,094
Less previously unrecorded depreciation	<u>(61,500)</u>
As restated	<u>\$1,453,594</u>

REQUIRED SUPPLEMENTARY INFORMATION

Township of Sparta
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 322,100	\$ 322,100	\$ 343,526	\$ 21,426
Licenses and permits	75,650	75,650	59,598	(16,052)
State grants	334,750	334,750	330,212	(4,538)
Charges for services	28,700	28,700	30,568	1,868
Interest and rentals	17,000	17,000	34,915	17,915
Other	<u>7,550</u>	<u>7,550</u>	<u>8,694</u>	<u>1,144</u>
Total revenues	<u>785,750</u>	<u>785,750</u>	<u>807,513</u>	<u>21,763</u>
EXPENDITURES				
Legislative	<u>7,995</u>	<u>7,995</u>	<u>8,246</u>	<u>(251)</u>
General government:				
Supervisor	23,805	23,790	24,293	(503)
Election	10,000	10,000	6,326	3,674
Assessor	48,035	48,035	45,010	3,025
Clerk	49,070	50,070	50,788	(718)
Board of review	1,510	1,510	1,507	3
Treasurer	41,050	41,850	42,562	(712)
Hall and grounds	38,700	52,670	48,987	3,683
Cemetery	53,410	53,410	50,848	2,562
Historical commission	8,000	12,250	11,968	282
Professional services	41,500	41,500	30,181	11,319
Other	<u>46,600</u>	<u>46,600</u>	<u>39,415</u>	<u>7,185</u>
Total general government	<u>361,680</u>	<u>381,685</u>	<u>351,885</u>	<u>29,800</u>
Public safety:				
Building inspections	45,170	45,170	42,451	2,719
Fire protection	<u>197,700</u>	<u>197,700</u>	<u>194,306</u>	<u>3,394</u>
Total public safety	<u>242,870</u>	<u>242,870</u>	<u>236,757</u>	<u>6,113</u>

Township of Sparta

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Public works:				
Road maintenance	\$ 14,000	\$ 14,000	\$ 25,111	\$ (11,111)
Street lighting	1,300	1,300	1,615	(315)
Drains	4,900	4,900	1,532	3,368
Total public works	<u>20,200</u>	<u>20,200</u>	<u>28,258</u>	<u>(8,058)</u>
Community and economic development - planning and zoning	<u>10,600</u>	<u>10,600</u>	<u>6,485</u>	<u>4,115</u>
Culture and recreation	<u>10,500</u>	<u>10,500</u>	<u>6,679</u>	<u>3,821</u>
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>2,532</u>	<u>2,468</u>
Total expenditures	<u>658,845</u>	<u>678,850</u>	<u>640,842</u>	<u>38,008</u>
EXCESS OF REVENUES OVER EXPENDITURES	126,905	106,900	166,671	59,771
OTHER FINANCING USES				
Transfer out - Library Fund	<u>(128,900)</u>	<u>(128,900)</u>	<u>(128,900)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(1,995)	(22,000)	37,771	59,771
FUND BALANCES - BEGINNING	<u>1,020,719</u>	<u>1,020,719</u>	<u>1,020,719</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$1,018,724</u>	<u>\$ 998,719</u>	<u>\$1,058,490</u>	<u>\$ 59,771</u>

Township of Sparta
BUDGETARY COMPARISON SCHEDULE - Library Fund
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
State grants	\$ 6,400	\$ 6,400	\$ 6,787	\$ 387
Interest	-	-	978	978
Fines and forfeitures	17,800	17,800	16,303	(1,497)
Other	12,500	12,500	9,826	(2,674)
Total revenues	<u>36,700</u>	<u>36,700</u>	<u>33,894</u>	<u>(2,806)</u>
EXPENDITURES				
Culture and recreation	149,050	149,050	170,288	(21,238)
Capital outlay	1,500	1,500	1,284	216
Total expenditures	<u>150,550</u>	<u>150,550</u>	<u>171,572</u>	<u>(21,022)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(113,850)	(113,850)	(137,678)	23,828
OTHER FINANCING SOURCES				
Transfer in - General Fund	<u>128,900</u>	<u>128,900</u>	<u>128,900</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	15,050	15,050	(8,778)	(23,828)
FUND BALANCES - BEGINNING	<u>22,800</u>	<u>22,800</u>	<u>22,800</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 37,850</u>	<u>\$ 37,850</u>	<u>\$ 14,022</u>	<u>\$ (23,828)</u>

**Members of the Township Board
Township of Sparta, Michigan**

In planning and performing our audit of the financial statements of the Township of Sparta as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Sparta's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

The Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, changes in capital assets, and to present required financial statement disclosures.

This communication is intended solely for the information and use of management, the Board of Trustees of the Township of Sparta, and the State of Michigan Department of Treasury, and is not intended to be and should not be used by anyone other than these specified parties.

Siegfried Crandall P.C.

July 24, 2007